GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2125
ANSWERED ON:28.07.2017
Dividend by Banks
Maragatham Smt. K.;Vellaigounder Shri Elumalai

Will the Minister of FINANCE be pleased to state:

(a) whether it is true that hit by and mounting bad loans, demonetization and lower credit off take, some Public Sector Banks (PSBs) may skip paying dividend and if so, the details thereof;

(b) whether the non-paying of dividends by some PSBs will have implications for Government receipts in the current fiscal, if so, the details thereof;

(c) whether the previous fiscal as many as 16 public sector banks skipped paying dividend leading to a threefold decline in Government receipts to Rs. 1444.6 crore and if so, the details thereof and the reasons therefor;

(d) whether only six State owned banks declared dividend though at a lower rate for the financial year ended March, 2016 and if so, the details thereof; and

(e) whether some PSBs bankers have already indicated to the Government that it may be possible for them to pay dividend as their profits are likely to remain subdued due to lower credit off take, effect of demonetization and rising Non-Performing Assets (NPAs), if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(a) to (e): Public Sector Banks (PSBs) have been permitted to declare dividend subject to compliance of RBI guidelines dated 04.05.2005 and 27.03.2014. As per the above guidelines, banks would be able to pay dividend out of current year's profit only.

The details of dividend declared on equity shares reported by all PSBs to RBI for the financial year 2015-16 is at Annexure. The main reason for low dividend from banks during the period is loss incurred by some of the banks and lower net profits for the remaining PSBs during the financial year.
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